



## Partnerships for Transformation

*Increased cooperation and understanding between philanthropy and the corporate world facilitated by the UN Global Compact to accelerate the transition to global sustainability*

### Context

Foundations and philanthropy as well as a rising number of private sector firms are directing significant resources to sustainability finance and have become key actors in the promotion of sustainable development. As the world moves to a slower growth path, external funding conditions - and in particular official development assistance - are expected to become gradually more restricted, this makes the role of the private sector and philanthropy even more critical in the post-2015 agenda.

The ecosystem of foundations and philanthropy is incredibly diverse, similarly to the private sector ecosystem, and this diversity has enabled a great deal of innovation in providing solutions to sustainable development challenges.

However, the experience of these large and diverse ecosystems shows limitations. The world's most pressing sustainable development challenges often cut across sectors and across borders, and require holistic approaches that combine different areas of expertise.

An effective approach to promoting partnerships among different sustainable development actors is therefore key to delivering lasting comprehensive solutions at scale. This is not a new conversation, but it is one that is increasingly gaining relevance in light of the growing role of the private sector and philanthropy in sustainable development.

The UN Global Compact (UNGC) and Realdania have launched a joint initiative to pave the way for an increased cooperation and understanding between philanthropy, the UN Global Compact and the corporate world and, with that, accelerate the transition to global sustainability.

During the 2013 UN Global Compact Leaders Summit, the UNGC, Realdania, the European Foundation Center and the Council on Foundations convened a select group of leaders from foundations and the private sector to initiate a conversation on the distinct characteristics of philanthropy and the private sector as sustainable development actors and on the key ingredients needed to promoting effective partnerships that deliver sustainable development solutions at scale.

## The unique attributes of philanthropy to effectively partner with the private sector

Collaborative efforts work best when they combine the best properties of the different parties and are based on a mutual understanding of the forces and goals driving each party.

An increasing number of private sector firms are starting to realize that their social and environmental agendas need to be an integral part of the corporate strategy. Corporations following this approach are uniquely positioned to take innovations to markets and have all the right incentives to bring these innovations to scale, thus maximizing their corporate, social and environmental performance.

Complementary to these unique attributes of private sector firms in the sustainability movement, foundations also have a unique set of competitive advantages that can contribute to transformational partnerships as described below.

- **A unique identity, dynamism and flexibility.** Foundations are created for a purpose. Their institutional identity and their choice of areas of intervention and modes of operation are guided by how they contribute to the institutional purpose. The variety of purposes and the variety of approaches to achieving these purposes allows foundations to provide flexible and nimble responses in ways that are not viable for the public or private sector or for multilateral organizations.
- **A combination of long term commitment and responsiveness.** While some foundations have a mission centered on a particular issue, to which they remain committed over the long term, others base their mission on a method or approach to responding to challenges and thus strive to take an early stage involvement in emerging issues. Given the sheer number of foundations working to promote sustainable development, this combination of long term commitment with early stage involvement allows philanthropy to take a variety of roles and fill essential gaps to create transformational partnerships.
- **A greater risk appetite.** In order to find solutions to persistent challenges as well as emerging and changing ones, foundations often take a pioneering role, focusing on neglected areas, entering new markets and developing innovative solutions that serve as proof of concept and can attract and crowd-in other actors.
- **Legitimacy to act as conveners and matchmakers.** The mission driven approach of foundations often gives them the legitimacy to act as trusted conveners and connectors of different stakeholders with complementary roles to develop collaborative solutions. In addition, in environments where institutions are weak, foundations may generate greater trust than public institutions and thus have a greater access to communities.

The philanthropic world includes different types of foundations based on their funding sources and governance, from community-based to corporate, family and independent foundations. **Corporate foundations deserve particular attention.** While some companies embed their philanthropic activities at the firm level, others set up corporate foundations for this purpose. Some corporate foundations focus on charitable efforts that are unrelated to the corporate agenda, however, there is a trend – in parallel to many companies looking to make more strategic social investments – to increasingly align the philanthropic efforts of foundations to the sustainability agenda of the corporation that has set them up. This requires making sure that the right division of responsibilities is established between the corporation and their corporate foundations. Corporate foundations can play a key role in connecting corporations with the philanthropic world and civil society at large, although they may not always have the legitimacy that independent foundations have to act as conveners.

## Anatomy of a systemic, lasting transformational partnership

Foundations and private sector firms are aware of the potential of working together and are also increasingly gaining an understanding of the unique characteristics each brings to the table to promote sustainable development. A renewed consensus is growing on some of the key ingredients that lead to systemic, lasting transformational partnerships between foundations, the UN and the private sector. Chief among these are the need for a clear set of goals, a new way of working that requires new attitudes and new skills.

### *A clear set of goals*

The starting point for any effective partnership is a **common understanding of the objective** that is being pursued and a clear alignment of the parties involved towards achieving this objective. Vague articulations or loose alignments result in weak partnerships that do not last beyond the initial stages as stakeholders feel they are not making progress and are not receiving value from the partnership.

It is therefore important to establish targets that can effectively reflect the objectives that are being pursued and **define success**. These targets must be complemented with the right **tools and mechanisms to measure the impact of the partnership**. A clear sense of the value delivered by the collective effort, a value that should be greater than the sum of the parts, is the best way to ensure that a partnership has been effective, systemic and transformational.

### *A new way of working*

Working in partnership with stakeholders that bring different experiences is enriching but can also be challenging. Companies, foundations, governments and civil society organizations have different mandates, different institutional cultures, different time pressures and different vocabularies, and often face difficulties in working together even when they are aligned behind a common goal.

**Effective partnerships must be fluid.** Stakeholders should feel free to join and stay as long as they add value, and should equally be able to take a less active role when they feel they are no longer delivering value or receiving value from the partnership.

In many cases, this fluidity can be best achieved when the partnership has the stability and support from a **backbone institution** that is committed to the partnership in the long run and can act as conveners that capture, consolidate and share the institutional memory and progress achieved. The backbone institution behind effective partnerships must have the authority and legitimacy to attract qualified partners and ensure an environment of creativity and trust. In the context of restricted access to development resources, patient investors can play a key role in supporting backbone organizations.

Effective partnerships must also be inclusive and incorporate a robust **bottom-up approach** to capture local needs and provide lasting solutions that truly stick on the ground. Engagement with civil society organizations and public bodies at a local level is critical.

A renewed approach to **communications is also critical** to create impactful and inclusive partnerships. Communications are critical to attract the best possible partners, to ensure partners are engaged and

grow and evolve with the partnership, and to communicate the results of the partnership to the right audiences in order to bring it to scale.

Innovative partnerships require the courage to try new approaches, be open to fail and learn from failure. They must also be efficient and strike a right balance of encouraging creativity and the combination of different approaches while at the same time avoiding duplications of effort and redundancies.

Communications are also critical to diffuse the lessons learned from experience and ensure that other actors do not invest valuable resources and efforts in repeating the same mistakes, and instead build on the lessons learned.

### Case study – EMBARQ

EMBARQ is a program focused on the role of transport make cities around the world better places to live.

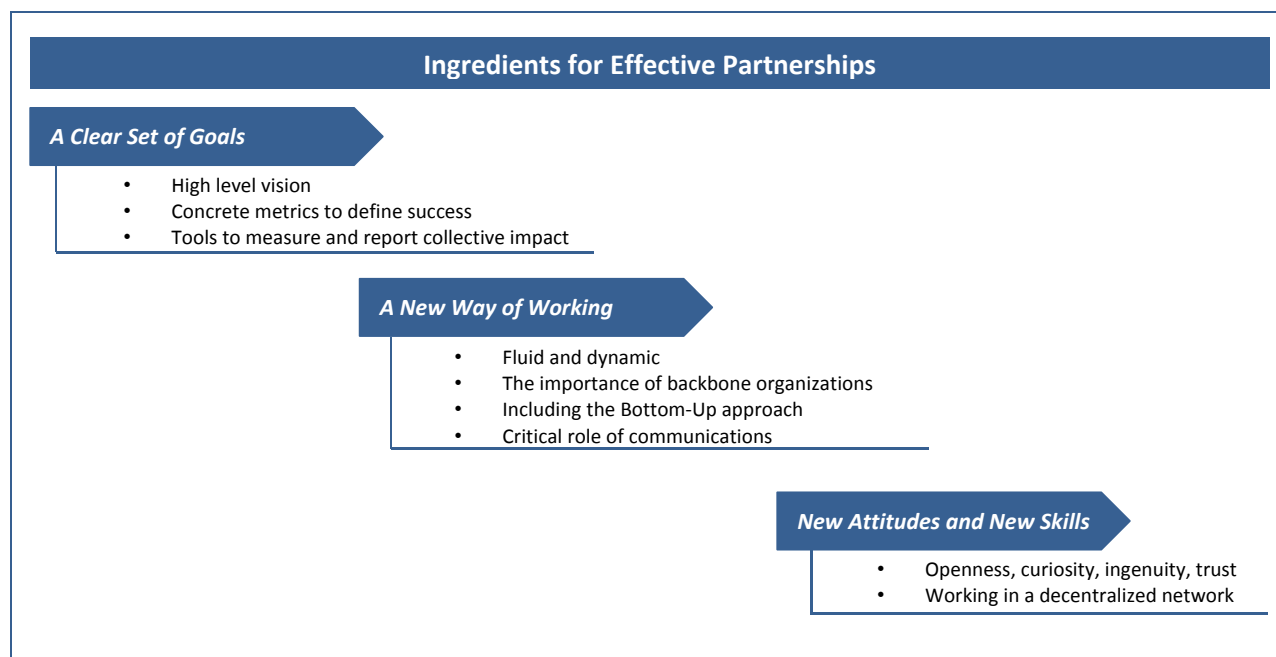
EMBARQ's objectives are articulated as a series of social, environmental and economic benefits – a clear set of goals. EMBARQ was set up by the World Resources Institute, the backbone organization, with financial support from the Shell Foundation, and the network now includes governments, the private sector and civil society from around the world. EMBARQ seeks to influence government and decision makers at the national and city level as well as development banks, private developers and NGOs in order to reach scale. In order to achieve this they have been delivering flagship projects in a number of cities. Through strategic communications, these flagship projects then get replicated in larger numbers of cities and serve as a demonstration effect to shift international policy.

<http://www.embarq.org/>

### ***New attitudes and new skills***

Partnering for a common goal requires each entity to focus on what it does best and let others complement this work with what they do best too. Organizations, public, private or philanthropic, are very effective ways to structure efforts around a particular mandate. However, for entities with different mandates, sometimes more used to compete than to collaborate, partnering towards a common goal does not always come naturally.

Focusing on what each entity does best and delegating other tasks to partner entities may require letting go of a certain level of sovereignty and being comfortable with a higher level of dependence on external factors than the norm in business as usual. It takes **openness, curiosity, ingenuity and trust** for partnerships to work effectively. And it takes a new set of skills that use these attitudes to **work as a decentralized network** and develop collaborative solutions.



## The beginnings of a new framework for effective partnerships

Setting a clear set of goals, establishing a new way of working and mainstreaming new attitudes and skills can unleash great transformative partnerships among philanthropy, the private sector and the UNGC.

Fortunately, some of these elements are coming to pace in the post-2015 agenda.

- The **Sustainable Development Goals** will provide a common set of high level objectives and measurable indicators around which to establish effective partnerships with clear goals.
- The **Business Engagement Architecture** introduced at the 2013 UNGC Leaders Summit can provide the tools to implement new ways of working collaboratively. The UNGC experience with **Issue Based Platforms** and the emergence of the UNGC **Business Partnership Hubs** – as well as other similar platforms – are particularly relevant and can be leveraged to go beyond one-to-one communications and piecemeal approaches towards coordinated systemic partnerships where participants share risk and link bottom up, on the ground ideas with tools to reach scale.
- And the **sustainability movement** is creating an atmosphere of openness and willing to improve and do better among foundations and the private sector that is generating the new attitudes and skills required for transformational partnerships.